

Message Text

CONFIDENTIAL

PAGE 01 ALGIER 00440 161830Z

ACTION L-03

INFO OCT-01 NEA-10 ISO-00 NSA-01 ERDA-05 AID-05 CEA-01

CIAE-00 CIEP-01 COME-00 DODE-00 EB-08 FPC-01 H-01

INR-07 INT-05 NSC-05 OMB-01 PM-04 USIA-06 OES-06

SP-02 SS-15 STR-04 TRSE-00 ACDA-07 FTC-01 EUR-12

FEA-01 /113 W

-----162012Z 067077 /45

R 161545Z FEB 77

FM AMEMBASSY ALGIERS

TO SECSTATE WASHDC 5949

C O N F I D E N T I A L ALGIERS 0440

E.O. 11652: GDS

TAGS: ENRG,AG

SUBJECT: CAMEL LNG PLANT

REF: 76 ALGIERS 1882

1. G.H. MORGAN OF SHELL INTERNATIONAL GAS (LONDON), C.G. FILSTEAD OF CONTINENTAL OIL (STAMFORD, CONNECTICUT) AND TWO OTHER GENTLEMEN, ALL REPRESENTING CONCH, CALLED ON CHARGE LYNE FEBRUARY 14. SMITH AND MCARTHUR WERE PRESENT.

2. AS DEPT AWARE, UNDER THREAT OF EXPROPRIATION CONCH IS NEGOTIATING WITH SONATRACH FOR THE SALE OF CONCH'S INTEREST IN THE PLANT TO SONATRACH. CONCH PUTS THE FAIR MARKET VALUE OF ITS INTEREST AT OVER \$30 MILLION. SONATRACH IS WILLING TO CONSIDER COMPENSATION ONLY ON THE BASIS OF BOOK VALUE, WHICH IT FIGURES AT \$3 MILLION. THE GOA IS ALSO WILLING TO FORGIVE CERTAIN TAXES AND THE CONCH NEGOTIATORS FIGURE THE ACTUAL COMPENSATION BEING OFFERED (INCLUDING TAX CONCESSIONS AND OTHER ADJUSTMENTS) AT SOMETHING LIKE \$6 TO \$7 MILLION. THIS THEY CONSIDER FAR FROM FAIR FOR A PLANT CAPABLE OF PRODUCING \$50 MILLION IN REVENUE AND DA 12 MILLION IN PROFITS A YEAR FOR THE 12 REMAINING YEARS OF
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 ALGIER 00440 161830Z

ITS 25-YEAR USEFUL LIFE. THEY ARE NEVERTHELESS WILLING TO NEGOTIATE ON THIS BASIS (I.E. \$6-\$7MILLION) IN ORDER TO SETTLE AN ISSUE THAT HAS BEEN HANGING FIRE FOR YEARS.

3. THE VISITORS SAID THAT THE PLANT IS OPERATING AT ONLY ABOUT TWO-THIRDS OF CAPACITY AND QUALIFIED PEOPLE HAVE GONE TO WORKD ON OTHER LNG PROJECTS. THEY SEE THIS

AS A FURTHER REASON TO GET OUT ASAP.

4. THE VISITORS HAVE BEEN MEETING WITH AIT LAOUSSINE (SONATRACH VP) AND HOPE TO SETTLE BY JUNE, WHEN CONCH WILL HAVE ITS SHAREHOLDERS' MEETING. THEY HAD NOTHING SPECIFIC TO ASK OF THE EMBASSY BUT WELCOMED THE CHARGE'S THOUGHT THAT IT MIGHT HELP IF DAVID ROCKEFELLER (WHO WILL VISIT ALGIERS MARCH 1) AND THE NEW AMBASSADOR (WHO IS NOT YET NAMED) WERE AWARE OF THE PROBLEM. IN THE MEANTIME, WE AT THE EMBASSY WILL CONTINUE TO MENTION THE NEED FOR A SETTLEMENT TO ALGERIAN OFFICIALS ON APPROPRIATE OCCASIONS.

5. DURING EARLIER CALL ON BRITISH AMBASSADOR, CONCH VISITORS SAID ONE REASON THEY WANT TO SETTLE IS THAT THEY HAVE LITTLE HOPE FOR STRONG BACKING FROM USG IF CONCH 40 PERCENT INTEREST IN PLANT IS EXPROPRIATED. ALSO, BRITISH AMBASSADOR REPORTS THAT AIT LAOUSSINE TOLD HIM THAT CONCH COULD HAVE ITS MONEY IMMEDIATELY IF IT WILL ACCEPT "A LITTLE DISCOUNT" FROM THE \$6 TO \$7 MILLION. OTHERWISE CONCH WILL HAVE TO WAIT TWO YEARS.

DUNBAR

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: SALES, PETROLEUM INDUSTRY, NATIONALIZATION, NEGOTIATIONS, BUSINESS FIRMS
Control Number: n/a
Copy: SINGLE
Sent Date: 16-Feb-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977ALGIER00440
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770055-1017
Format: TEL
From: ALGIERS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770238/aaaabhc.z.tel
Line Count: 85
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 4f204bc6-c288-dd11-92da-001cc4696bcc
Office: ACTION L
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 76 ALGIERS 1882
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 15-Nov-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3311856
Secure: OPEN
Status: NATIVE
Subject: CAMEL LNG PLANT
TAGS: ENRG, AG, CONCH, SONATRACH
To: STATE
Type: TE
vdkgvwkey: odhc://SAS/SAS.dbo.SAS_Docs/4f204bc6-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009